

Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 /088 W

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R 110955Z JUL 75

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC 0927

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E.O. 11652: N/A

TAGS: EMIN GV US

SUBJECT: GUINEAN OFFSHORE OIL EXPLORATION

REF: STATE 104148

1. BUTTES INTERNATIONAL REPRESENTATIVE FRANK WALSH, PRESIDENT SOGUIP, HAS BEEN VISITING CONAKRY DURING PAST WEEK. HE HAS HAD NO SUBSTANTIVE MEETINGS WITH HIGH GUINEAN OFFICIALS (AND HAS REQUESTED NONE), BUT HAS BEEN IN CONTACT WITH EMBASSY SEVERAL TIMES.

2. WALSH STILL HOPES BEGIN DRILLING IN FEW MONTHS. PRINCIPAL CONCERN IS KEEPING COSTS AS LOW AS POSSIBLE SO BRINGING EQUIPMENT FROM US WOULD BE PROHIBITIVE. HE HAS LOCATED RIG RECENTLY WORKING FOR PHILLIPS IN GHANA, AND IS NEGOTIATING TO OBTAIN ITS USE IN GUINEAN WATERS BY LATE SEPTEMBER. HE ESTIMATES THAT DRILLING INITIAL WELL MAY TAKE UP TO 120 DAYS AND THAT ANALYSIS OF FINDINGS WILL REQUIRE ANOTHER 2-3 MONTHS.

3. BUTTES STILL UNDER CONSTANT PRESSURE FROM GOG TO GET ON WITH JOB; STATE COMMITTEE CHAIRMAN MOUSSA DIAKITE TOLD AMBASSADOR DURING RECENT CONVERSATION THAT GOG DISAPPOINTED AND CONCERNED THAT OPERATIONS NOT YET UNDERWAY.

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4. WALSH, WHO BEARS BRUNT OF THESE PRESSURES, TAKES EVERY OCCASION REASSURE GOG THAT COMPANY WILL BEGIN DRILLING AS SOON AS EQUIPMENT AVAILABLE. HIS SEVERAL RECENT VISITS HERE SEEM DESIGNED AS HOLDING OPERATION JUST TO MAINTAIN PHYSICAL PRESENCE. SOGUIP HAS ONLY TOKEN STAFF IN CONAKRY NOW, BUT IS EXPANDING A BIT. WALSH HAS OBTAINED OFFICE SPACE AND IS BEGINNING WORK ON TEMPORARY BASE PLANT NEAR CONAKRY AIRPORT TO HOUSE MODEST CLERICAL AND TECHNICAL TEAM. STAFF WILL INCLUDE A VERY FEW AMERICANS, AND WILL MAINLY BE RECRUITED FROM CANARY ISLANDS TO KEEP COSTS DOWN.

5. GUINEANS OBVIOUSLY COUNTING HEAVILY ON FINDING OFFSHORE OIL IN COMMERCIAL QUANTITIES AND DO NOT WISH TO LISTEN TO VOICES OF CAUTION FROM ANY QUARTER. WALSH REGULARLY WARNS GUINEANS ABOUT LOW STATISICAL POSSIBILITIES OF STRIKING OIL NO MATTER HOW FAVORABLE PREVIOUS SURVEYS MAY HAVE BEEN. EMBASSY HAS TAKEN SIMILAR LINE WITH GOG MINISTERS.

6. WALSH, WHILE HE HAS BEEN FAIRLY FRANK AND FORTHCOMING WITH EMBASSY REGARDING HIS PLANS, PROSPECTS AND CONTACTS WITH GOG, WANTS TO ESTABOIH SEPARATE SOGUIP IDENTITY NOT TIED TO OFFICIAL AMERICAN PRESENCE. BELIEVES THAT THIS IS DESIRABLE FROM USG VEIWPOINT AS WELL, IN VIEW UNCERTAINTIES OF OIL DRILLING, HIGH GOG EXPECTATIONS, AND UNPREDICTABLE GUINEAN REACTION SHOULD DRILLING OPERATIONS FAIL AND BUTTES WITHDRAW. HARROP

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